

Message Text

CONFIDENTIAL

PAGE 01 ABU DH 01623 311055Z
ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W
-----311057Z 002889 /20

P R 311024Z MAY 77
FM AMEMBASSY ABU DHABI
TO SECSTATE WASHDC PRIORITY 6123
INFO AMEMBASSY ALGIERS
USINT BAGHDAD
AMEMBASSY CAIRO
AMEMBASSY CARACAS
AMCONSUL DHAHRAN
AMEMBASSY DOHA
AMEMBASSY JAKARTA
AMEMBASSY JIDDA
AMEMBASSY KUWAIT
AMEMBASSY LAGOS
AMEMBASSY LIBREVILLE
AMEMBASSY LONDON
AMEMBASSY MANAMA
AMEMBASSY PARIS 452
AMEMBASSY QUITO
AMEMBASSY TRIPOLI
AMEMBASSY TOKYO

C O N F I D E N T I A L ABU DHABI 1623

EXDIS

DEPT PASS BAGHDAD

FROM THE AMBASSADOR

E.O. 11652: GDS
TAGS : ENRG, TC, SA
SUBJECT : FAHD VISIT: US POLICY ON OIL PRICES

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1. I HOPE IT WILL BE POSSIBLE FOR DEPARTMENT TO GIVE ME PROMPTLY
SOMETHING TO TELL UAE AUTHORITIES REGARDING FAHD VISIT, PAR-
TICULARLY AS IT RELATES TO ENERGY. UAE OIL MINISTRY OFFICIALS
HAVE ALREADY NOTED STATEMENTS BY YAMANI, AND THEY SAY PRINCE
FAHD, WHICH INDICATE THAT SAUDI ARABIA IS PREPARED TO ALLOW
UPWARD ADJUSTMENTS IN ITS OIL PRICES THIS YEAR IF OTHER OPEC
COUNTRIES SHOW PRICE RESTRAINT. THIS IS SEEN AS A SHARP

CHANGE IN SAUDI POSITION AND HAS CAUSED SPECULATION HERE THAT EITHER FAHD VISIT WAS NOT ALL THAT SUCCESSFUL OR THAT USG NO LONGER PRESSING HARD FOR PRICE RESTRAINT.

2. ON MAY 30, I WAS QUERIED BY UNDER SECRETARY ABFULLAH ISMAIL WHETHER THERE HAS NOT BEEN SUBTLE SHIFT IN US POLICY ON OIL PRICES. ISMAIL FELT THERE HAD BECAUSE HE SAW NO FIRM EVIDENCE THAT ADMINISTRATION HAD MADE A SPECIAL POINT OF REITERATING ITS PREVIOUS OUTSPOKEN POSITION ON OIL PRICES DURING FAHD VISIT. HE RECALLED THAT WHEN VENEZUELAN PRESIDENT CARLOS PEREZ

WAS IN ABU DHABI ON MAY 1, PEREZ HAD PREDICTED THAT PRINCE FAHD WOULD FIND IN WASHINGTON THAT WITH CONSERVATIONIST THRUST OF ADMINISTRATION'S ENERGY POLICY AND INTENT OF DECONTROL PRICES OF DOMESTICALLY PRODUCED CRUDE, US NO LONGER PARTICULARLY INTERESTED IN HOLDING DOWN OIL PRICES. HE SAID UAE HAD DISMISSED THIS AT TIME BUT NOW HE WAS NOT SO SURE. I TOLD ISMAIL THAT I HARDLY THOUGHT USG HAD CHANGED ITS POLICY GIVEN ENORMOUS DIFFICULTIES WITH THIRD WORLD FACING IN MEETING FINANCIAL FLOWS TO PAY FOR OIL AND FACT THAT PRESENT FORECASTS WERE FOR US TO HAVE \$23 BILLIAN BALANCE OF PAYMENTS DEFICIT IN 1977 DUE ALMOST ENTIRELY TO RAPIDLY RISING FOREIGN IMPORT BILL. ANY PRICE INCREASE WOULD ONLY ADD TO OUR PALANCE OF PAYMENTS WOES.

3. SINCE THIS IS SECOND TIME QUESTION HAS BEEN RAISED (IT WAS FIRST RAISED BY OIL MINISTER UTAYBA ON MAY 15 (SEE ABU DHABI 1448), I WOULD LIKE TO BE ABLE TO REVIEW IN DETAIL NATURE OF ENERGY DISCUSSIONS WITH SAUDIS DURING FADH VISIT.
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I ALSO BELIEVE IT WOULD BE USEFUL IF THERE COULD BE A PUBLIC RESTATEMENT, EITHER BY THE SECRETARY OR BY THE PRESIDENT REAFFIRMING THAT ALL OF MAJOR USG POLICY OBJECTIVES IS TO HOLD OIL PRICES TO PRESENT "LOWER TIER" LEVELS.
DICKMAN

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NNN

Message Attributes

Automatic Decaptioning: Z
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Concepts: POLICIES, PETROLEUM, INFORMATION CONTROL, MINISTERIAL VISITS, DIPLOMATIC DISCUSSIONS, PRICES
Control Number: n/a
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Sent Date: 31-May-1977 12:00:00 am
Decaption Date: 22 May 2009
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
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Disposition Reason:
Disposition Remarks:
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TAGS: ENRG, OVIP, SA, US, TC, (AL-SAUD, FAHD IBN ABD AL-AZIZ)
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